

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 844 - HB 706

February 12, 2013

SUMMARY OF BILL: Removes a current exemption for Hamilton County and Rutherford County, thereby authorizing the public housing development authorities in each jurisdiction to assess late fees on tenants up to 10 percent of the rent past due.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Hamilton County public housing development authorities currently collect a \$5 late fee. If the authorities choose to increase the amount of late fees collected pursuant to the bill, the authorities could increase late fee revenue up to \$63,300. Collecting late fees is left to the discretion of the authority and any amount of increase will be permissive. Any funds collected will remain with the appropriate authority.

Assumptions:

- Currently, Tenn. Code Ann. § 66-28-201(e), in regards to Hamilton County and Rutherford County, states that a 15 day grace period is allowed for residents. Any such late fee assessed is not to exceed \$5.
- This would authorize the public housing development authorities within Hamilton County and Rutherford County to charge tenants a higher late fee than currently charged and shortens the grace period to five days.
- Currently, public housing development authorities in Hamilton County do charge late fees. In 2012, Hamilton County collected late fees that totaled \$26,380.
- There are 2,924 public housing units in Hamilton County.
- Assuming a late fee of \$5 was assessed by local housing authorities in Hamilton, there were approximately 5,276 instances in which a late fee was assessed (\$26,380 / \$5).
- Pursuant to the proposed legislation, authorities in Hamilton County will be able assess a late fee up to 10 percent of the amount overdue.
- If Hamilton County authorities choose to collect up to 10 percent of the amount overdue, it is estimated that Hamilton County public housing development authorities will collect a total of \$89,692 in late fee revenue [$5,276 \times \$170 \times 0.10$] for an increase of \$63,312 (\$89,692 - \$26,380) in late fee revenue. This amount will not revert to local government funds, but rather stay with the appropriate authority, which exists as a quasi-governmental entity.

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- According to the Murfreesboro Housing Authority, public housing development authorities in Rutherford County have not charged any late fees for a period exceeding 10 years.
- It is estimated that public housing development authorities in Rutherford County will continue not charging any late fees on the tenants of public housing developments.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/jdb